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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

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	PART III
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Information Required of I Securities Exchang	Brokers and Dealers I se Act of 1934 and R		
REPORT FOR THE PERIOD BEGINNING _	01-01-2001 MM/DD/YY		MAR 0 1 2002 12-31-2001 MN 100 YY
A. REC	SISTRANT IDENTIF	FICATION	
NAME OF BROKER-DEALER:			
Solomon Advisors, Inc.			OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSI 15301 Spectrum Drive, Sui	•	Box No.)	
	(No. and Street)		
Addison	Texas	750	001
(City)	(State)		(Zip Code)
NAME AND TELEPHONE NUMBER OF PE	RSON TO CONTACT I	N REGARD TO THIS	REPORT
Sam Solomon		9	972-239-4112
		(Ar	rea Code — Telephone No.)
B. ACC	OUNTANT IDENTI	FICATION	
INDEPENDENT PUBLIC ACCOUNTANT wh	ose opinion is contained	in this Report*	
Davis, Clark and Company,	P.C.		
(Name	— if individual, state last, first, m	iddle name;	
2705 Swiss Avenue	Dallas	Texas	75204
(Address)	(City)	(State)	Zip Codei
CHECK ONE:			PROCESSED
☐ Certified Public Accountant ☐ Public Accountant			MAR 2 6 2002
Accountant not resident in United S	States or any of its posse	ssions.	1
	FOR OFFICIAL USE ONL	Y	THOMSON FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

13.2200

OATH OR AFFIRMATION

Sam Solomon	, swear (or affirm) that, to the
best of my knowledge and belief the accompanying financial sta Solomon Advisors, Inc.	tement and supporting schedules pertaining to the firm of
December 31, 19, 2001 are true and corr nor any partner, proprietor, principal officer or director has any partner, except as follows:	ect. I further swear (or affirm) that neither the company proprietary interest in any account classified soley as that of
	- 0 (-) 1
	Signature Coo Title
Noisy Public 810-2003	

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- 🔯 (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition-Cash Flows'
- \mathbf{X} (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- 交替口口交 (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation. M/A
- (1) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. N/A.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

SOLOMON ADVISORS, INC.

December 31, 2001

Financial Statements



Solomon Advisors, Inc.

FINANCIAL STATEMENTS

December 31, 2001

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DAVIS, CLARK AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation 2705 SWISS AVENUE DALLAS, TEXAS 75204 TELEPHONE (214) 824-2556 TELECOPIER (214) 823-9367

Independent Auditor's Report

Board of Directors Solomon Advisors, Inc. Addison, Texas 75001

Dear Sirs:

We have audited the accompanying Statement of Financial Condition of Solomon Advisors, Inc. as of December 31, 2001, and the related statements of income, of changes in stockholder's equity, of cash flows and of changes in liabilities subordinated to claims of general creditors for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



Board of Directors Solomon Advisors, Inc.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solomon Advisors, Inc., as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting

principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in schedules 1-3 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 15, 2002

Certified Public Accountant



Solomon Advisors, Inc. Statement of Financial Condition December 31, 2001

Exhibit A

ASSETS

Cash	\$	19,992
Receivables from brokers or dealers		
Clearance account		7,200
Payroll Tax Refund Receivable		817
Furniture and fixtures (net of accumulated depreciation of \$8,747)		1,393
Total assets	<u>\$</u>	29,402
LIABILITIES AND STOCKHOLDER'S EQUITY		
Account payables	<u>\$</u>	12,106
Total liabilities	_	12,106
Stockholder's equity		
Common stock (no-par value, 3,000,000 shares authorized,		
1,500 shares issued and outstanding)		1,500
Additional paid in capital		2,907
Retained earnings		12,889
Total stockholder's equity		17,296
Total liabilities and stockholder's equity	<u>\$</u>	29,402

Exhibit B

Solomon Advisors, Inc. Statement of Changes in Stockholder's Equity Year Ended December 31, 2001

		nmon ock	Pai	tional d in pital		etained ernings	Stoc	Fotal kholder's Equity
Balance beginning of period	\$	1,500	\$	2,907	\$	15,096	\$	19,503
Net income for period		- 0 -		- 0 -	_	2,207)	(_	2,207)
Balance at end of period	<u>\$</u>	1,500	<u>\$</u>	2,907	<u>\$</u>	12,889	<u>\$</u>	<u> 17,296</u>

Solomon Advisors, Inc. Statement of Income Year Ended December 31, 2001

Exhibit C

Revenues	
Commissions	\$ 177,279
Interest	3,346
Miscellaneous income	4,010
Total revenues	184,635
Expenses	
Employee compensation	23,900
Commission and clearance paid to all other brokers (including officers)	24,954
Other expenses	137,988
Total expenses	<u>186,842</u>
Net income (loss)	(\$2,207)
Earnings (loss) per share	(<u>\$ 1.47</u>)

Solomon Advisors, Inc. Statement of Cash Flows Year Ended December 31, 2001

Exhibit D

6,539

Net Income (loss)	(\$	2,207)
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation/amortization expense		1,348
Increase in payroll tax refund receivable	(817)
Increase in accounts payable		8,749

Cash flows from operating activities:

Net increase in cash

Decrease in payroli taxes payable	(
Net cash provided by operating activities	6,539

	•
Cash at the beginning of the year	13,453
Cash at the end of the year	<u>\$ 19,992</u>

Solomon Advisors, Inc. Statement of Changes in Liabilities Subordinated to Claims of General Creditors Year Ended December 31, 2001

Exhibit E

Balance, December 31, 2001

-0-

No increases or decreases for the year ended December 31, 2001.

Solomon Advisors, Inc. Notes to Financial Statements December 31, 2001

1. Summary of Significant Accounting Policies

In fulfilling its responsibility for the preparation of the Company's financial statements and disclosures, Company management selects generally accepted accounting principles and adopts methods for their application. The application of accounting principles requires the estimating, matching and timing of revenue and costs in the determination of income or loss. It is also necessary for management to determine, measure and allocate Company resources and obligations within the financial process according to those principles. Below is a summary of certain significant accounting policies selected by management.

A. General

Solomon Advisors, Inc. operates as an introducing broker and forwards all transactions and customer accounts to Southwest Securities, Inc. which carries such accounts on a fully disclosed basis. Solomon Advisors, Inc. is a registered Broker/Dealer under the Securities Exchange Act of 1934, (Act).

B. Securities Transactions

Securities transactions are recorded on a settlement date basis with such transactions generally settling three business days after trade date.

C. Fixed Assets

Fixed assets are recorded at cost and are depreciated over estimated useful lives of 5 years. Total depreciation expense for 2001 was \$1,348.

D. Cash Flows

The Company uses the "indirect method" in preparing the Statement of Cash Flows. For purposes of the Statement of Cash Flows, cash equivalents include demand deposits, and certificates of deposit with initial maturities of three months or less.

E. Accounting Estimates

Management makes use of accounting estimates in the preparation of these financial statements. The major estimates is lives used to depreciate fixed assets. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

Solomon Advisors, Inc. Notes to Financial Statements December 31, 2001

2. Receivables from Brokers or Dealers and Credit Concentration

Pursuant to the Correspondent Agreement with Southwest Securities, Inc., all customer accounts are forwarded to Southwest Securities, Inc. on a fully disclosed basis. Solomon Advisors, Inc. has placed a \$7,200 clearing deposit with Southwest Securities, Inc. Southwest Securities, Inc. is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (15c3-1).

3. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's (S.E.C.) Uniform Net Capital Rule (15c3-1), which requires the maintenance of minimum net capital. This rule requires that the Company maintain minimum net capital, equal to \$5,000, as defined in Rule 15c3-3 of the S.E.C. At December 31, 2001, the Company's total net capital as defined by Rule 15c3-1 was as follows:

Required	<u>Actual</u>	<u>Excess</u>
\$ 5,000	\$ 15,086	\$ 10,086

4. Commitments and Contingencies

During 2001, the Company leased office space on a month-to-month basis. The total rent expense for the year ended December 31, 2001 was \$15,972.

Due to the nature of the business, the Company becomes party to various claims, legal actions, and complaints arising in ordinary course of business. Management is unaware of any claims, legal actions or complaints that would have a material effect on the financial position of the Company.

5. Federal Income Tax

Effective January 1, 1991, the Company elected to be taxed as a Subchapter S Corporation. As such the shareholder is responsible for any Federal income tax.

Solomon Advisors, Inc. Notes to Financial Statements December 31, 2001

6. Retained Earnings

The Company's retained earnings are segregated into two classifications. One classification discloses the balance of retained earnings up to the effective date of the "S" Corporation election, including subsequent distributions charged. The second classification, Accumulated Adjustment Account, represents the undistributed previously taxed income of the shareholder.

The balance of retained earnings at December 31, 2001 consists of the following:

Retained Earnings (prior to January 1, 1991)	\$	8,968
Accumulated Adjustment Account		3,921
Total	\$_	12,889

Solomon Advisors, Inc. Computation of Net Capital Pursuant to Rule 15c3-1 December 31, 2001

Schedule 1

Total stockholder's equity	\$ 17,296
Add liabilities subordinate to claims of general creditors	- 0 -
Total stockholder's equity qualified for net capital	17,296
Deductions	
Total nonallowable assets from Statement of Financial Condition	2,210
Net capital before haircuts on securities positions	15,086
Haircuts on Securities: [computed, where applicable, pursuant to 15c3-1(f)]	
Stocks and warrants	- 0 -
Net capital	<u>\$ 15,086</u>

Schedule 2

Solomon Advisors, Inc. Reconciliation of Net Capital Computation Pursuant to Rule 17a-5d4 December 31, 2001

	Per Focus	Per Audit
	Report Adjustmen	nt Report
Net capital	<u>\$ 27,192 \$ 12,1</u>	<u>06 \$ 15,086</u>

Net capital was adjusted to accrue additional liabilities at December 31, 2001.

Schedule 3

Solomon Advisors, Inc. Reconciliation of Computation of Reserve Requirements Pursuant to Rule 15c3-3 December 31, 2001

Solomon Advisors, Inc., claims exemption from the provisions of Rule 15c3-3 pursuant to Rule 15c3-3 Section (k)(2)(ii). As an introducing broker, Solomon Advisors, Inc., clears all transactions with and from customers on a fully disclosed basis with Southwest Securities, Inc. All customer funds and securities are promptly transmitted to Southwest Securities, Inc.

Information for Possession or Control Requirements
Pursuant to Rule 15c3-3
December 31, 2001

Solomon Advisors, Inc. operates as an introducing broker and forwards all transactions and customer accounts to Southwest Securities, Inc. who carries such accounts on a fully disclosed basis. Securities transactions are recorded on blotter receipts and then transferred to Southwest Securities, Inc. on a same day-basis.

The accompanying notes are an integral part of this schedule.